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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPLICATION OF

GTE SOUTH INCORPORATED

CASE NO. PUC930004

Annual Informational Filing

ORDER APPROVING STIPULATION AND DIRECTING REFUNDS

On October 26, 1998, the Commission's Staff ("Staff") filed its Motion to Adopt Stipulation, requesting that the Commission adopt the Joint Stipulation the Staff entered with GTE South Incorporated ("GTE" or "the Company") and direct the Company to make refunds in the amount of \$1,224,430 plus appropriate interest from 1992 to the date refunds are accomplished. The motion states that the Staff is not aware of any party objecting to adopting this stipulation, and the Commission has received no objections to the Staff's motion. Accordingly, we find that the Joint Stipulation should be adopted.

Pursuant to the terms of the Joint Stipulation, GTE is directed to refund to its customers in its Southwest Virginia service territory \$1,224,430, plus appropriate interest from

1992 to the date refunds are accomplished. In order to make equitable distribution of the refunds in proportion to the revenues paid by customers of Basic, Discretionary, and Potentially Competitive Services, GTE is directed to submit an exhibit similar to Schedule 1 attached to its October 4, 1995, Motion Seeking Approval of 1992 Refund Proposal. Such refunds shall be accomplished in the matter described below.

Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) On or before June 30, 1999, GTE shall refund with interest as directed below, the amount of \$1,224,430.

(2) Interest upon such refund shall be computed from January 1, 1992, until the date refunds are made, at an average prime rate for each calendar quarter. The applicable average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin or the Federal Reserve's Selected Interest Rates ("Selected Rates") (Statistical Release G.13), for the three months of the preceding calendar quarter.

(3) The interest shall be compounded quarterly.

(4) Refunds shall be distributed to 1992 customers based on each customer's proportion of billed revenues to the total.

(5) The refunds ordered above may be accomplished by credit to each customer's account for current customers. GTE should attempt to make refunds to former customers by mailing a check, for refunds of \$1 or more, to the last known address of the customer. GTE need not mail checks for refunds less than \$1 to former customers; however, GTE shall prepare and maintain a list of the former accounts which are due refunds of less than \$1, and if such former customers contact GTE and request their refunds, those refunds shall be made promptly. For customers who have outstanding balances, GTE may offset the credit or refund to the extent no dispute exists regarding the outstanding balance. To the extent that an outstanding balance of such a customer is disputed, no offset shall be permitted for the disputed portion. All unclaimed refunds shall be handled in accordance with Virginia Code § 55-210.6:2.

(6) On or before August 31, 1999, GTE shall file with the Division of Communications a document explaining how all refunds have been lawfully made pursuant to this order.

(7) GTE shall bear all costs of the refund directed in this order.

(8) The tariffed rates of GTE for the year 1992 are no longer interim and shall be subject to no additional refunds.

(9) There being nothing further to come before the Commission, this matter shall be removed from the docket and the papers filed herein placed in the file for ended causes.